

## Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY EUR/WE/KSMITH:MS:CM  
APPROVED BY EUR - ROBERT E. BARBOUR  
H - MR. PUGH  
EB - MR. BOEKER  
S/S-O:RPERITO

-----281825Z 118931 /42  
O 281806Z MAY 77  
FM SECSTATE WASHDC  
TO AMEMBASSY LISBON IMMEDIATE

C O N F I D E N T I A L STATE 124510

EXDIS

E.O. 11652: GDS

TAGS: MARR, PFOR, PO

SUBJECT: LINKAGE BETWEEN BASE RIGHTS AND PORTUGUESE LOAN

1. DEPARTMENT OFFICERS MET MAY 27 WITH WILLIAM JORDAN OF STAFF OF THE SENATE APPROPRIATIONS SUBCOMMITTEE ON FOREIGN OPERATIONS TO DISCUSS U.S. ACCESS TO LAJES AIR BASE AND THE ADMINISTRATION'S FY-1978 REQUEST FOR \$300 MILLION LOAN FOR PORTUGAL.

2. AFTER REVIEW OF 1973 MIDDLE EAST RESUPPLY HISTORY, JORDAN SAID THAT THE COMMITTEE STAFF WOULD RECOMMEND (AND SENATE, INOUE WOULD NO DOUBT AGREE) THAT THE APPROPRIATIONS REQUEST NOT BE ACTED UPON BY COMMITTEE UNTIL THERE IS A RENEWAL OF U.S. RIGHTS TO LAJES. HE SAID COMMITTEE WOULD ALSO WANT FORMAL ASSURANCE THAT THE U.S. HAS CONTINUED RIGHTS TO TRANSIT LAJES FOR NON-NATO PURPOSES.  
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POSES.

3. DEPARTMENT OFFICER TOLD JORDAN THAT WE HOPED TO CONCLUDE BROAD OUTLINES OF AGREEMENT WITH PORTUGAL SOON AND THAT WE COULD THEREFORE ACCEPT CONCEPT OF BASIC AGREEMENT ON LAJES BEFORE APPROVAL OF \$300 MILLION APPROPRIATION REQUEST BY COMMITTEE. HOWEVER, DESPITE FAVORABLE PORTUGUESE RESPONSE,

GUESE ATTITUDE TOWARD LAJES, INCLUDING TRANSIT, GOP COULD

BE EMBARRASSED BY PUBLIC PRESSURES ON TRANSIT AND BE FORCED INTO NEGATIVE POSITION IT WOULD PREFER TO AVOID.

5. GIVEN UNDERSTANDINGS REACHED BY VICE PRESIDENT IN LISBON AND UNLIKELIHOOD NOW THAT APPROPRIATIONS COMMITTEE WOULD ACT ON LOAN REQUEST WITHOUT SATISFACTION RE LAJES AGREEMENT, WE ARE CONSIDERING SENDING DEPT REP, PERHAPS ACCOMPANIED BY DOD OFFICIAL, TO LISBON SECOND WEEK OF JUNE TO CONCLUDE "INFORMAL DISCUSSIONS", IF YOU AGREE, AND IF PORTUGUESE WOULD BE PREPARED TO WRAP UP THIS PHASE. REQUEST YOUR VIEWS.

6. OBVIOUSLY, WE CANNOT ACCEPT ANY LEGISLATIVE LINK OF LAJES AND \$300 MILLION LOAN WITHOUT GRAVE RISK TO EFFORT FOR OTHER COUNTRIES TO CONTRIBUTE. THEREFORE, OUR APPROACH HAS TO BE TO MAKE LINKAGE POINT MUTE BY GETTING BASE AGREEMENT BEFORE COMMITTEE ACTS ON BALANCE OF PAYMENTS LOAN. TIMING IS VERY TIGHT. SENATE FLOOR WILL CONSIDER AUTHORIZATION BILL ON FOREIGN ASSISTANCE ABOUT JUNE 9. WITHIN A WEEK TO TEN DAYS THEREAFTER APPROPRIATIONS COMMITTEE COULD BEGIN ITS CONSIDERATION. VANCE

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## Message Attributes

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**TAGS:** MARR, PFOR, PO  
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**Review Markings:**  
Margaret P. Grafeld  
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